

Message Text

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ACTION OPIC-06

INFO OCT-01 ARA-06 EUR-12 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 COME-00

XMB-02 L-03 H-02 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

USIA-06 PRS-01 INT-05 IGA-02 /095 W

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R 051630Z JAN 76

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 2112

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY OTTAWA

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE GEORGETOWN 0011

EO 11652: NA

TAGS: EINV GY

SUBJ: NATIONALIZATION OF SPROSTONS (ALCAN SUBSIDIARY)

REF: GEORGETOWN 1149

1. GOG OFFICIALLY ASSUMED ALL ASSETS OF SPROSTONS (GUYANA) LIMITED ON JANUARY 1. GOG AND ALCAN REPRESENTATIVES REACHED AGREEMENT ON PRICE AND PAYOUT IN LATE DECEMBER. GOG WILL PAY US\$6.3 MILLION WITH \$1.5 MILLION IN CASH IMMEDIATELY, AND REMAINDER IN TEN ANNUAL INSTALLMENTS AT INTEREST RATE OF 8.5 PERCENT. ACCORDING TO PRESS REPORT, INTEREST WILL BE SUBJECT GO GUYANESE INCOME TAX.

2. SPROSTONS IS GUYANA'S PRINCIPAL SHIPBUILDING FIRM AS WELL AS CATERPILLAR, WHITE MOTOR, WESTINGHOUSE, 3M, AND ARMCO STEEL AGENT. HAS AN ALUMINUM FABRICATION PLANT AND MAINTAINS SMALL SHIPPING AND TRAVEL AGENCY. TOTAL EMPLOYEES ABOUT 900.

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3. NAME OF NATIONALIZED SUCCESSOR COMPANY IS GUYANA NATIONAL ENGINEERING COMPANY, LTD. IT WILL FORM PART OF GUYSTAC GROUP. FOR TIME BEING THERE IS NO RPT NO INDICATION OF PERSONNEL CHANGES IN SENIOR MANAGEMENT. FIVE EXPATRIATES CURRENTLY HOD TOP POSITIONS IN FIRM. BECAUSE OF COMPANY'S CLOSE RELATIONSHIP WITH GOG-OWNED BAUXITE INDUSTRY BY VIRTUE OF CATERPILLAR EQUIPMENT SALES AND MAINTENANCE.GOG HAS INDICATED THAT INDUSTRY OFFICIALS WILL BE REPRESENTED ON NEW BOARD OF DIRECTORS.

4. COMMENT: SPROSTONS TAKEOVER CARRIED OUT IN BUSINESS-LIKE MANNER WITHOUT USUAL HISTRIONICS.THIS MAY HAVE BEEN DUE TO GOG DESIRE TO KEEP ESSENTIAL MANAGEMENT PERSONNEL AND RETAIN CATERPILLAR AGENCY. IF PRESENT MANAGING DIRECTOR DECIDES NOT RPT NOT TO STAY ON OR IF GOG REMOVES HIM, OTHER EXPATS LIKELY TO LEAVE. GOG WILL HAVE MOST DIFFICULT TIME REPLACING THEM WITH QUALIFIED STAFF. GOG IS LIKELY TO USE NEW COMPANY AS BASE FOR HEAVY EQUIPMENT TRAINING SCHOOL, AND IS LIKELY TO PRESS COMPANY'S PRINCIPAL AGENCY (CATERPILLAR) FOR ASSISTANCE IN THIS REGARD. SPROSTONS HAD MAINTAINED SMALL BUT EFFICIENT TTRAINING OPERATION FOR CATERPILLAR EQUIPMENT. ONE OF GOG'S MOST SERIOUS PROBLEMS IS LACK OF SKILLED PERSONNEL TO OPERATE AND MAINTAIN INCREASING FLEET OF HEAVY VEHICLES. DECONTROL UPON RECEIPT.
KREBS

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